

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

November 6, 2012

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016

THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013

THOMAS CANDON, representing Commissioner of Department of Financial Regulations

STEPHEN WISLOSKI, Deputy VT State Treasurer representing ELIZABETH PEARCE, VT State Treasurer

Members absent:

VAUGHN ALTEMUS, representing Commissioner of Education

JUSTIN NORRIS, Active Member Alternate Representative, term expiring July 1, 2013

Also attending:

Linda Deliduka, VRTA Alternate representative, term expiring July 1, 2016

Matthew Considine, Director of Investments

Katie Green, Investments Manager

Karl Kroner and Chip Sanville, Great West Retirement Services

Laurie Lanphear, Director of Retirement Operations

Kathie Kretzer, Retirement Specialist & Executive Secretary to the Board

Monica Chiren, Assistant to Kathie Kretzer

The Chairperson, Jon Harris, called the Tuesday, November 6, 2012, meeting to order at 1:03 p.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of: October 23, 2012**

On motion by Mr. Mackey, seconded by Mr. Candon, the Board voted unanimously to approve the minutes of October 23, 2012, as submitted.

ITEM 2: **403(b) quarterly update by Great West Retirement Services**

- **Marketing and Website enhancements**
- **2013 Contribution Limits**

Mr. Kroner indicated to the Board members they would provide the quarterly report and then review the website enhancements. Mr. Kroner appeared before the Board and provided the Quarterly Report for September 30, 2012 for the 403(b) Investment Program. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was a 7.5% increase in the plan assets from July 1, 2012 to September 30, 2012.

Mr. Kroner indicated there are 1,783 participants in the plan. Mr. Kroner reviewed with the Board members the breakdown of assets. Mr. Kroner reviewed the diversification of the plan participants. Mr. Kroner indicated there was a significant decrease in contributions which could have been as a result of the pay cycles, less roll-ins than the previous quarter, and the July retirees. There was a discussion about the Stable Value Fund. Mr. Sanville indicated the increase in participants was as a result of new hires and not the result of any new schools being added. Mr. Kroner reviewed with the Board members the roll-ins and withdrawals.

Mr. Sanville reviewed with the Board members the field activity for the quarter. Mr. Kroner briefly reviewed the Fund Performance Review with the Board members. Mr. Kroner indicated the overall ratings were good this quarter, with all green bars and no yellow or red bars. Mr. Kroner responded to Mr. Mackey's inquiry concerning loans. There was a discussion about the T. Rowe Price 2040 Fund, and whether there should be a 2050 Fund. The Board decided it would be good to have a further discussion about the target date funds, and that this item would be discussed further at the in-house meeting in February. Mr. Kroner indicated AAG would be available at that time to lead the discussion.

Mr. Kroner reviewed with the Board members the Investment Performance Sheet that is provided to the participants. Mr. Kroner also reviewed with the Board members the updated marketing material that is going to be used in the future. Mr. Kroner reviewed the updated website with the Board members. Mr. Kroner indicated that not all the features were available yet, but the hope was to have the update completed by Q1. Mr. Kroner indicated once the updates were complete Laurie would be provided the links to test them. Mr. Kroner indicated one of the features not on the website yet is a section to allow the member to see their projected monthly income.

Mr. Kroner indicated the contributions for 2013 have increased from \$17,000.00 to \$17,500.00. Mr. Sanville indicated the catch-up amounts have stayed the same.

ITEM 3: SDIA quarterly update

Mr. Sanville appeared before the Board and provided the Quarterly Report for September 30, 2012 for the SDIA Plan. Mr. Sanville indicated the slow decline is continuing, which is expected. Mr. Sanville reviewed with the Board members the distributions and indicated there were no real surprises there either. Mr. Sanville reviewed with the Board members the Key Talk and Internet statistics. Mr. Sanville indicated the new page they added to the report indicates the rate of return was 3.39%.

(Ms. Green, Mr. Considine, Mr. Kroner and Mr. Sanville left the meeting at this time.)

ITEM 4: Review/act on disability application of:

Julia S. James

New

On motion by Mr. Candon, seconded by Mr. Mackey, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Julia S. James, with no review.

ITEM 5: Review legislative changes to health care coverage access

Ms. Lanphear indicated the *Summary of Pension and Health Care Changes Effective July 1, 2010* handout was for informational purposes only pursuant to an inquiry from the last Board meeting. Ms. Lanphear reviewed the handout with the Board members and responded to their inquiries.

ITEM 6: Any other business to come before the Board

Mr. Wisloski indicated at the last Board meeting the Board voted to accept the actuary recommendation but that according to statute it was necessary to accept the entire report.

On motion by Mr. Mackey, seconded by Mr. McConnell, the Board voted unanimously to accept the Actuarial Valuation Report prepared as of June 30, 2012 in its entirety for the purpose of complying with any Board certifications required by statute.

Mr. Wisloski indicated they are advising the Governor of the recommendation for FY 2014 and advising a figure for FY 2015. It was indicated the clean-up of this statute will be discussed further.

ITEM 7: Adjournment

On motion by Mr. Candon, seconded by Mr. McConnell, the Board unanimously voted to adjourn at 2:13 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call on Thursday, December 13, 2012 at 3:30 p.m.

Respectfully submitted,

Kathie Kretzer
Executive Secretary to the Board